



**Office of the Attorney General
Robert E. Cooper, Jr.**

**Department of Commerce and
Insurance Commissioner
Leslie Shechter Newman**



NEWS RELEASE

**Office of the Attorney General
P.O. Box 20207 Nashville, TN 37202-0207**

**Department of Commerce and Insurance
Division of Consumer Affairs
500 James Robertson Parkway Nashville, TN 37243**

**FOR IMMEDIATE RELEASE
July 11, 200
#07-26**

**CONTACT:
Sharon Curtis-Flair
(615) 741-5860**

ATTORNEY GENERAL COOPER, DCA ANNOUNCE SETTLEMENT WITH AOL REGARDING CANCELLATION ISSUES

Attorney General Bob Cooper and Director of Division of Consumer Affairs Mary Clement today announced an agreement with AOL, one of the nation's largest Internet service providers, requiring the company to make it easier for consumers to cancel their service contracts. The multistate settlement further requires AOL to pay the states a total of \$3,000,000 and to provide refunds to eligible consumers..

The settlement, which was filed by Tennessee and 47 other states as well as the District of Columbia, resolves consumer complaints about alleged difficult and confusing attempts to cancel their AOL paid services. Consumers were given limited alternatives to calling the company directly to cancel services. When consumers called, company representatives, who previously received incentives for retaining customers in lieu of cancellation, allegedly tried to convince callers to keep their contracts. Such practices will now be limited under the agreement. In addition, consumers will now be able to cancel service online.

The agreement further requires AOL to make refunds to consumers who have complained of unauthorized charges for AOL service. In addition to resolving any outstanding complaints, the company will be adopting an ongoing process of refunding consumers for unauthorized charges,

and will continue to cooperate with the states in these efforts. State officials have not yet determined how many consumers may be affected and how much they may receive in refunds.

“Consumers should be free to cancel these contracts without feeling pressured to continue paying for a service or product they no longer want,” Attorney General Cooper said. “We hope this agreement will help compensate those consumers who were inconvenienced by the alleged actions of some company representatives.”

Today’s agreement also addresses a number of other billing practices that consumers complained were confusing. Specifically, AOL will be revising its disclosures regarding reactivation of terminated accounts as well as its disclosures relating to accounts billed directly to a consumer’s monthly telephone bill. AOL will also significantly revise its practice of allowing consumers to create “spin off” accounts - which are additional paid accounts for AOL service stemming from one original membership. These accounts can now only be created over the phone in a recorded conversation with a customer service agent, who must make detailed disclosures of the applicable costs.

AOL recently announced that it would begin limiting its role as an Internet access provider, allowing its customers to convert to free e-mail accounts. The terms of today’s agreement should minimize the potential for consumer confusion during this transition.

Consumers who have complaints about any consumer matter should contact the Division of Consumer Affairs at 1-800-342-8385 (toll-free inside Tennessee) or (615) 741-4737 or online at www.state.tn.us/consumer. Complaints may also be filed online with the Federal Trade Commission at www.consumer.gov/sentinel.